
Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-01-14

Date: JANUARY 24, 2001

CHANGE REQUEST 1544

SUBJECT: Clarifications to Transmittal A-01-03, Change Request 1437, Temporary 2-Month Extension of Periodic Interim Payments (PIPs) for Home Health Providers

The purpose of this Program Memorandum (PM) is to provide further clarification to the above PM regarding the extension of the issuance of periodic interim payments (PIPs) to home health providers. Since the release of PM A-01-03, it has come to our attention that there exists some concerns/questions as to the intent of the PM with regards to such issues as:

- o “What entity actually makes the payment?”
- o “How are bankrupt home health agencies (HHAs), formerly receiving PIPs, handled under these instructions?”
- o “How do accelerated payments (including payments made under the HHA Prospective Payment System (PPS) phase-in plan) affect the issuance of PIPs?”
- o “What is the distinction between the withholding of excess payments versus overpayments?”

The following documentation is aimed at clarifying the above issues with respect to the issuing of PIPs to home health providers. The following documentation should be considered a modification to the language contained in PM A-01-03 and not a total replacement of that memorandum.

Clarification of PM A-01-03, Change Request 1437

It has come to our attention that a few issues require clarification.

First, it was our intention to have the fiscal intermediary (FI) that made PIPs in the past make the special payment required by §503 of the new law. Where that is not the regional home health intermediary it is clear the two FIs need to coordinate their activities.

Second, with respect to bankrupt HHAs, the FI should consult the appropriate Department of Health and Human Services Regional Attorney to assure there is no special restriction to making the payment. In absence of such restriction, use the same protocol used in determining whether or not to make the special phase-in payment when the HHA could not submit the Request for Anticipated Payments or final claims.

Third, it is necessary to distinguish between excess payments and overpayments in order to apply this guidance. When an FI believes it has paid a provider more than it believes will ultimately be owed to it, the difference is an excess payment. An overpayment exists only when a full examination of claims and payments reveals that there is a specific overpayment owed to the government, and the provider has been given a notice to this effect. Accelerated payments (including contingency payments and payments made under our HHA PPS phase-in plan) are not overpayments unless the time period for which they were made has expired and the FI has

followed the procedures necessary to establish that there is an overpayment. Therefore, make the special PIP unless you have already converted that accelerated or contingency payment to an overpayment, and have placed the provider into 100 percent suspension or recoupment regarding that overpayment. Examples in the next to last paragraph of PM A-01-03, are applicable only in the very limited situation in which an overpayment has been determined, but repayment arrangements have not yet been made and no 100 percent recoupment has been set. This is the only situation we envision in which an “offset” would be put in place rather than an issuance of a full PIP or no PIP made at all.

Finally, it is necessary to distinguish between withholding of excess payments and overpayments. In many cases, the withholding activities going on with respect to HHAs are in the nature of recovering an excess payment made in the course of phase-in and not in the recovery of an overpayment as we have discussed it above. When an HHA has incurred an overpayment and is on 100 percent withholding, do not make the PIP and do not credit the HHA for the money. These HHAs fall within the non-payment exception at §503(b)(2).

The *effective date* for this PM is December 21, 2000.

The *implementation date* for this PM is no later than January 31, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded January 31, 2002.

If you have any questions, contact Randy Thronset, (410) 786-0131 or Charles Booth, (410) 786-2070 Director of Financial Services Group, Office of Financial Management.